

STATEMENT OF COMMISSIONER MICHAEL O'RIELLY

Re: *Comprehensive Review of the Part 32 Uniform System of Accounts*, WC Docket No. 14-130.

I am pleased that the Commission is finally acting on the commitment it made last year to comprehensively review its regulatory accounting requirements. These arcane rules were put in place almost three decades ago, when all incumbent carriers were subject to rate-of-return ratemaking and specialized cost data were central to the Commission's work. Times have changed. The advent of price cap regulation, increased competition from a variety of providers not subject to Part 32 requirements, and universal service and intercarrier compensation reforms, among other things, have significantly eroded the benefits of these rules. Yet they continue to impose real costs on carriers, and therefore on consumers in one form or another. According to one filing, price cap carriers collectively "incur millions of dollars in maintaining two separate sets of books – costs that continue to grow with the expanding divergence between Part 32 rules, developed more than 25 years ago, and the ever changing modern accounting techniques under GAAP." That is real money that could be spent on broadband deployment or used to reduce rates.

I commend Chairman Wheeler and his staff for their efforts in this item. This is the latest example of the Commission's needed effort to reduce unnecessary burdens and compliance costs. I also acknowledge the hard work of Commissioner Pai and his staff, which helped get us to this NPRM.

I am appreciative to the Chairman and my colleagues for their willingness to accommodate my requests to further strengthen this NPRM. It now proposes—rather than just raising questions—to streamline the rules in a couple of key respects, which I hope will generate more focused and detailed comments, and signals our collective agreement to curtail, at a minimum, the application of Part 32 in these instances. It also seeks comment on whether the Commission has other tools in its toolbox (besides relying on burdensome accounting rules) to satisfy any remaining regulatory needs, or if there are safe harbors we could adopt to further streamline any remaining requirements. If we have other means at our disposal to get information, if truly necessary, then we can certainly eliminate or significantly reduce the scope of Part 32. Indeed, I would have preferred even more proposals to simplify the rules, including for rate-of-return carriers. I recognize that Part 32 has more relevance to rate-of-return regulation, but if there are instances where our rules impose costs and the benefits are de minimis or minor, we should seek those out and eliminate them regardless of how a carrier is classified. Finally, to keep us all on task, the Commission commits to complete this rulemaking at my ask within 16 months. I hope that we will get a robust record, and I look forward to acting on it no later than the end of 2015.